

UWS Financial Statements

for the year ended 31st July 2020



UNIVERSITY OF THE
WEST of SCOTLAND
UWS

Introduction from the Principal and Vice-Chancellor



Professor Craig Mahoney
Principal and Vice Chancellor

Welcome to the 2019/20 Financial Statements and thank you for taking an interest in the University of the West of Scotland (UWS).

2020 was already expected to be a standout year for UWS at the culmination of one strategic planning period and the launch of a new strategy. The unfortunate pandemic that the world experienced in 2020 was not, and could not, have been predicted – but extraordinary amounts of work by staff and students, no longer just across campus but working and studying remotely, have ensured continued success for the University and its community. I continue to be incredibly proud of the progress we have made as well as the determination and commitment colleagues have shown in adapting and developing processes to continue our support to students and the wider community.

In February 2020, UWS launched Strategy 2025 setting out bold ambitions for excellence in learning and teaching, distinctiveness in research and innovation and plans to shape our communities and the society around us. This new Strategy builds on the success of the preceding Corporate Strategies but recognises the need for swifter change to our pedagogy and portfolio, our business engagement, and in our civic contribution to our local and global communities.

The Strategy emphasises a series of ambitions to 2025 which, within weeks, became even more pressing as the country went into lockdown caused by the Covid pandemic. Commitments to flexible programmes of study with hybrid delivery options will be achieved in 2021 as staff and students have grappled to deliver years of pedagogical shift in a matter of months. A promise for staff to undertake continuing professional development has materialised with an immediate emphasis on staff training and support to radically increase their confidence in delivery of technology-enhanced learning. The concept of 'place' and the value of supported, engaged people is critical to the UWS Strategy 2025. This has informed



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our approach and our response through 2020 and challenged us to reflect on how we can continue to build communities and advance societal wellbeing while physically distanced, remote and restricted.

Throughout the past year, UWS has continued its emphasis on tackling research, including responding to a global necessity to support contributions to the Covid pandemic including the use of research facilities for testing; the production of PPE, and funded research projects in safety, wellbeing and physiology. I am proud of the important work UWS has been a part of throughout the pandemic, helping to support national struggles in the fight against coronavirus. This included 1,200 UWS nursing, midwifery and applied biomedical science students who joined the frontline fight to tackle coronavirus, and UWS's support for developing the NHS Louisa Jordan Hospital - recognised by the Royal Family on social media. As well as donating hospital beds from our skills labs we offered time, resources, staff and students to contribute to the NHS test-and-trace initiative. UWS was involved in three of the Scottish Government's 55 rapid research projects, which each received a share of £5 million funding, in an effort to support international work to combat Covid and its wider effects. UWS was awarded £129,000 to lead a study into the impact of social distancing and isolation on physical and mental health, as well as other studies understanding and reducing the psychosocial impact of social distancing on families of care home residents in Scotland. As we reflect on this year, I continue to be impressed by the commitment and courage shown by our staff and students who stepped up to take their place in the national efforts in fighting coronavirus.

This year also highlighted societal issues affecting students and staff across the UK. Events in America and protests all around the world led us to have important conversations around issues of racism in the Higher Education sector and wider society. As

a University, we made a commitment along with colleges and universities from across Scotland by signing the Anti-Racism declaration acknowledging that racism exists in all Higher Education campuses and that we must unite in solidarity to take action. We continue to be committed to creating change in society and our community on issues of racism, discrimination and prejudice of all kinds and continue to strive for an equal, diverse and inclusive academic community.

In both challenging and extraordinary times, we have continued to put our students at the heart of all we do, with a student-centric approach. This last year has seen great change but has allowed us to continue to develop our pedagogy and hybrid learning model. We have done so in a timescale that has been challenging but thanks to the dedication and hard work of our staff and students, this was possible. Although developed at a very different time, our Strategy remains the same - we remain committed to excellence in learning and teaching, distinctiveness in research and innovation and to continue to shape our communities and the society around us.

These financial statements demonstrate the significant contribution UWS has made over the past year and will continue to make, even in the most challenging of times. As we enter a new Strategic Plan period to 2025, I am confident we are building on solid foundations. These Statements highlight both the resilience and endurance that UWS has and the contribution we can bring to our local and global communities.

Strategic Report

UWS Strategy 2025



The UWS Strategy 2025 seeks to dream, believe and achieve.

<p>UWS Purpose</p>	<p>UWS works in partnership with its students to deliver world-ready graduates who will design, shape and build a new future. We are pioneers in developing effective interactions with global business, industry and the public and voluntary sectors.</p>		
<p>Our three themes are:</p>	<p>Excellent learning and teaching</p>	<p>Distinctive research and innovation</p>	<p>Shaping our communities and society</p>
<p>We will be guided by our seven values:</p>	<p>Passionate about education: students are at the heart of what we do. We will be creative and challenging in our pedagogy and instil a sense of curiosity in our students.</p> <p>Global: Global citizenship, collaboration, partnership working and impact will be evidenced in our staff and student body.</p> <p>Growing investment: UWS is creating a sustainable business-like approach to grow our higher education, with a specific focus on growing non-government income and appropriate cost control to enable investment in our future.</p> <p>Tackling world issues: We are working to address global challenges and have a commitment to net zero emissions.</p> <p>We value our people: Our staff are our most valuable resource and we will invest in them through a new programme of continuing professional development</p> <p>Innovative: UWS-created new knowledge. Innovation, enterprise and knowledge exchange are central to our academic portfolio.</p> <p>Shaping society: We remain committed to widening access, equality, diversity and inclusion. Building on its nationally leading position, UWS will be an exemplary and world-leading university with a strong civic responsibility.</p>		

UWS highlights of 2019-20..

TOP 150

THE Young University Rankings



- Top in Scotland
- 6th in the UK

TOP 600

THE World University Rankings



- In 2020 UWS was recognised in the top 600 universities worldwide

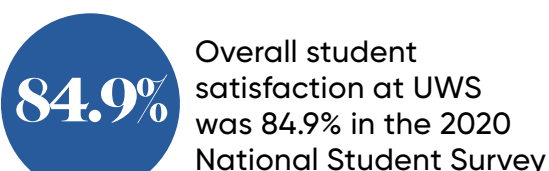
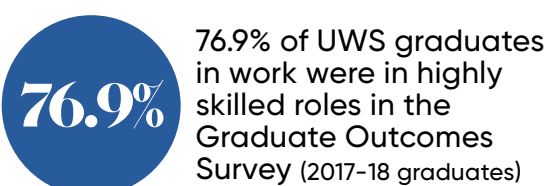
£955 million

UWS delivered £955m gross value added to the UK economy in 2017-18, from teaching, research, knowledge exchange, employment

(Economic Impact Assessment of UWS - Biggar Economics)

UWS Strategy 2025

UWS Strategy 2025 was launched in early 2020 outlining ambitions on excellent learning & teaching, distinctive research & innovation, and shaping our communities and society



1st Education at UWS ranked 1st in the UK

(Times/Sunday Times Good University Guide 2020)



UWS LANARKSHIRE CAMPUS:

WINNER OF GUARDIAN AWARD FOR SUSTAINABLE BUILDINGS THAT INSPIRE AND THE 'CAMPUS OF THE FUTURE' AWARD IN THE GREEN GOWN AWARDS 2019

UWS shortlisted for the **TIMES HIGHER EDUCATION AWARD FOR KNOWLEDGE EXCHANGE/TRANSFER INITIATIVE OF THE YEAR** for our unique AI collaboration with multinational firm Thales, which could save lives by identifying missing people and providing warnings about buildings at risk of collapse.

Two projects from UWS shortlisted in **SCOTLAND'S CONVERGE CHALLENGE 2020**: Brian Quinn, Aquaculture Health Laboratory and Desmond Gibson, Albasense Ltd

SCOPE AND SCALE:

Over 20,500 students

(HEADCOUNT)

7,935 in Paisley

4,096 in Lanarkshire

2,525 in Ayr

1,497 in London

419 in Dumfries

136 nationalities across our 5 campuses

4,300 international students

1,194 staff (FTE)

4000 STUDYING REMOTELY IN THE UK AND AROUND THE WORLD

UWS won a **MAJOR NATIONAL AWARD FOR TEACHING EXCELLENCE** - recognising the University's pioneering dementia-focused 'Class in a Bag' initiative

RISEN TO THE CHALLENGE OF COVID:

- Rapidly pivoted to hybrid learning in March 2020 and supported students to successfully progress to the next year of study or complete their degrees and graduate.
- Around 1,200 UWS nursing, midwifery and applied biomedical science students joined the NHS frontline in the fight against coronavirus.
- In addition to providing skilled students, UWS supplied hospital beds and medical training equipment for the NHS Louisa Jordan Hospital.
- Secured research funding to investigate support for patients in care homes with dementia during Covid, helped train healthcare staff through Covid gaming technology, and developed and shared thin-film technologies and PPE using UWS facilities and knowledge.

Strategic Report

Dream, Believe, Achieve

2019-20 reflected the final year of the UWS Corporate Strategy 2013-2020 refreshed in 2017. The table below demonstrates the significant changes in performance across the strategic planning period from 2013, with seismic shifts in student, research and global reach.

Performance Indicator	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Progress from 2013
KPI1: Percentage full time first degree students projected to receive an award (or formally transfer)	71.4%	81.8%	82.2%	83.9%	82.9%	79.9%	n/a ¹	
KPI2: Percentage of graduates entering professional / managerial employment or further study	74.5%	77.1%	78.8%	85.7%	85.7%	85.7%	n/a ²	
KPI3: Percentage of students expressing 'overall satisfaction' in the NSS	84.4%	85.8%	87.1%	82.9%	84.9%	84.2%	84.9%	
KPI4: Improved performance in the 2020/1 Research Excellence Framework ³	£6.6m	£5.2m	£4.6m	£8.3m	£7m	£10m	£14.5m	
KPI5: To establish a combined total of 50 industrial partnerships, start-ups and spin-off businesses by 2020	10	15	25	32	34	37	52	
KPI6: To increase the number of research students by 10% each year	474	483	512	768	968	1156	1046	
KPI7: 20% of student population at our UK campuses by 2020	2.6%	3.2%	5.8%	8.7%	10.4%	10.1%	10.1%	
KPI8: students to have an international experience		176	251	150	137	72	48	
KPI9: staff to have an international experience		13	11	22	27	19	6	

¹2019-20 retention rates will be published in 2021

²This was measured by the Destination of Leavers in Higher Education Survey (DLHE) which ceased in 2018.

³This is measured by research and enterprise award value

Strategic Report

Performance

The progress across a series of measures is set out below.

AREAS OF SUCCESS

The key success indicators to 2019–20 are:

- **Widening access:**
UWS continues to be Scotland's most successful university for widening access. In 2019–20, 28.3% of the Scottish-domiciled entrants to undergraduate study at UWS were from the 20% most-deprived Scottish communities. Not only is UWS sector-leading in enabling access to university, but over the strategic planning period of 2013–2020, the percentage of graduates from SIMD40 leaving UWS to go into professional employment or further study increased from 68.8% to 85.6% [DLHE 2017].
- **Learner journey:**
UWS works in close and effective partnership with eight regional colleges across the south and west of Scotland to provide a smooth learner journey for students to articulate from college into level 8 or level 9. UWS is the largest provider of articulation opportunities in Scotland. In 2019–20, 62.7% of all college entrants achieved 'advanced standing'.
- **International growth:**
UWS is a globally recognised university with an increasingly international and diverse student community. In line with the strategic ambition to grow the international cohorts studying at Scottish campuses, over 820 students from out with the EU studied at UWS Scottish campuses in 2019–20. This was an increase of 45% on the previous year. While delivering success in securing increasing presence of international students, KPIs 8 and 9 above show greater challenges in encouraging UWS students and staff to undertake an international experience. This will be a renewed focus following the UK departure from the EU, with UWS pushing for continued UK engagement in Erasmus opportunities.
- **Building investment:**
In 2019–20, UWS delivered an operating surplus of £3.7m (before FRS102 adjustments), despite the challenging impact of Covid. The preparatory work of the Rebalancing Project in 2019 established UWS strongly to deliver surpluses and enable investment in future years.
- **Global recognition:**
UWS is recognised as one of the best universities in the world. The Times Higher Education World University Ranking ranked UWS as amongst the 600 best universities in the world in 2021 and top 150 young universities in the world in 2021, with UWS the highest ranked Scottish university and joint 6th in the UK.
- **Engagement with business and industry:**
In 2019, UWS launched a dedicated KTP Centre, a first of its kind in Scotland. The centre provides a focus and support for over 25 knowledge transfer partnerships, with a value in excess of £6.5m. UWS is ranked number 1 in Scotland, number 1 in the UK for management KTPs, and number 2 in the UK by KTP portfolio size.
- **Researching with impact:**
In 2019–20, UWS secured £14.5m of new research and enterprise awards, an increase of 45% on the previous year (£10m). Particular success in the growth of KTPs, CPD and success in securing funded graduate apprenticeships has increased the award value. This income will flow through over the next (up to) 4 years. UWS exceeded the KPI target to increase the postgraduate research (PGR) community by 10% each year – peaking at over 1,100 PGR students in 2019, more than 200 above the target.

Strategic Report

Performance

AREAS FOR PROGRESS

While there have been many areas of success and growth, there remain a number of priorities for improvement:

- **Graduate success:**

In 2020, a new measure of 'graduate success' was introduced. The new 'graduate outcome' survey calculated that 76.9% of UWS graduates were in highly-skilled employment fifteen months after graduation. UWS was ranked 3rd in Scotland for the percentage of graduates who reported they were utilising their degree knowledge and skills in their current role. The Strategy 2025 set out the aim to 'deliver world-ready graduates who will design, shape and build a new future' and this focus will inform pedagogical and curricula change.

- **Retention and progression:**

In 2018/19, 79.9% of UWS students were forecast to receive a degree, another award or to transfer to another institution to continue their studies. This was a 3% reduction on 2017/18 and below the target of 87%. For 2020, UWS is harnessing learning analytics to develop an early-warning system to enable professional services and personal tutors to intervene and support students at risk of non-retention.

- **Student satisfaction:**

In NSS 2019, 84.9% of respondents were satisfied with their experience at UWS. As evidence of UWS' commitment to systematically enhancing the student experience, the Deputy Vice-Chancellor initiated a series of programme-by-programme meetings to interrogate student feedback and to agree action plans for improvement. These will be rigorously implemented through 2020-21.

PERFORMANCE MANAGEMENT 2020 ONWARDS

The UWS Strategy 2025 set out a values-based approach to monitoring and managing performance. This will ensure that driving improvement in the business performance of the University will always ensure that we, individually and collectively, live-up to our principles.

The performance framework outlined below is articulated to closely monitor performance and allow timely interventions to drive improvement in performance and will seek to celebrate success where step-changes in performance have been delivered. Performance will be monitored in two ways: in trajectory and in progress to milestone. This recognises that the Performance Framework sets stretch targets and enables a focus on continuous improvement.

During 2020, institutional KPIs will be translated into associated performance measures for schools and services. At executive level, performance will be assessed monthly by exception and routine performance reporting to governance committees will happen quarterly.



Strategic Report

Performance

Passionate about Education							
	Goal: students who are successfully retained and successful						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
NSS - overall satisfaction	84%	86%	84%	85%	87%	90%	92%
Module evaluation	82.5%	85.0%	83%	84%	86%	88%	90%
Student entry qualifications (tariff points)	136	140	136	140	145	150	155
Retention	83.6%	86.0%	85%	86%	88%	90%	92%
Innovative							
	Goal: succesful learners and staff imparting knowledge with impact						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
Regional economic impact	£816m						£1.15bn
CPD	£1.54m	£1.78m	£392k	£750k	£900k	£1.1m	£1.5m
Knowledge Transfer Partnerships	26	40	38	42	46	50	55
Tackling world issues							
	Goal: Increasing recognition of the positive impact of UWS on the world						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
Carbon Footprint	6405		6000	5765	5124	4484	3843
THE Impact Rankings	N/A	Submit	Submit	<150	<125	<90	<50
We value our people							
	Goal: High performing staff driving a positive culture						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
Staff satisfaction survey	N/A	85%	80%	85%	86%	88%	90%
Staff absence rate	3.69%	3.00%	3.69%	3.00%	2.50%	2.00%	1.50%
SSR	22.4:1	22:1	22:1	21:1	20:1	19:1	18:1
Growing investment							
	Goal: Financial performance that enables effective investments						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
Surplus	2%	3%	0%	2%	3%	4%	5%
Unregulated income (%)	22%	25%	18.5%	20%	22%	24%	26%
Staff costs	59%	57.5%	59.3%	58%	56%	53%	50%
Research award value	£11m	£14m	£11m	£14m	£17m	£20m	£23m
Shaping societies							
	Goal: A positive impact from learning, teaching and research on society						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
SIMD20	27%	29%	29%	30%	30%	30%	30%
Key worker graduates	1200	1250	1250	1400	1450	1550	1620
PGT cohort	2315	2500	1400	1800	2100	2500	2700
PGR cohort	920	1000	750	900	1,100	1,300	1,600
Global							
	Goal: UWS a well-respected, internationally-thinking University						
	2019-20 Baseline	Pre-covid 2020-21 Milestone	Interim post- covid 2020- 21 Milestone	2021-22 Milestone	2022-23 Milestone	2023-24 Milestone	2024-25 Target
International students	10.3%		10%	12%	15%	18%	20%
Citation score in THE World University Rankings	76.8	79	79	81	83	85	87
International academic staff	18%	19%	19%	21%	23%	24%	25%

Strategic Report

Achieving it 2020-21

This section sets out a suite of strategic priorities that will be a focus for 2020-21. This focus on priorities will build on strong foundations to deliver long-term ambitions and ensure good decisions are made to secure success for UWS, its staff and its students.

CREATING STRENGTH FROM ADVERSITY

In March 2020, the University developed a project – Creating Strength from Adversity – to respond to the Covid pandemic. The project – overseen by the Deputy Vice-Chancellor – provides a focus for nine significant streams of work aimed at coordinating effective responses for hybrid learning, staff and student wellbeing, research success, the return to campus and more. Creating Strength from Adversity will continue to be the collective focus for Covid-response in 2020-21, ensuring a collegiate, joined-up and effective approach.

HYBRID LEARNING

Higher education has, by necessity, been required to reshape its model of delivery for learning and teaching in 2020. UWS had already committed to that reshaping in Strategy 2025. The pandemic has not caused us to stray from that path: rather, it has accelerated our progress along it. 2020-21 will see significant investment in people and support to deliver hybrid learning which meets the high quality of learning and teaching expected at UWS. The emphasis in 2020-21 will be on delivering an effective, engaging model of learning with remote delivery of large-scale classes, regular on-campus learning activities and rapid development of innovative assessment for learning.

STUDENT EXPERIENCE PROJECT

Alongside transformation of the learning experience, a considerable focus in 2020-21 will be on enhancing the broader student experience. The VP Learning, Teaching and Students will drive a project to support student engagement in a hybrid-delivery system; will continue to work with programme leaders to deliver improvements in organisation and management, responsiveness to student feedback and assessment. A critical element of the Student Experience Project in 2020-21 will be to identify students at risk of non-continuation and provide intervention and support.

PARTNERSHIPS WITH COLLEGES

UWS works closely and effectively with eight partner colleges across the south and west of Scotland. During 2020, UWS will explore the opportunities for more joined-up working with these partners to share expertise and experience, to deliver more effectively joint programmes, smooth transitions for students articulating from college to university and to support the efficiency of the essential further and higher education opportunities we each provide in the communities we serve.

Strategic Report

Achieving it 2020-21

ACADEMIC PORTFOLIO

The Strategy 2025 commits UWS to flexible, innovative courses, which equip students with graduate-level skills to thrive in the adaptable workplace of the 21st century. A comprehensive review of the taught portfolio will be led by the Deputy Vice-Chancellor in 2020-21. The review will inform the development of a UWS Curriculum Framework setting out the hallmarks of a UWS degree, enable greater flexibility of learning paths and deliver efficient, market-attuned programmes for 2021-22.

RESEARCH EXCELLENCE

2020-21 will see the culmination of six years of growing research excellence at UWS, through the UWS submission to the Research Excellence Framework 2021. The submission will demonstrate the improved quality of the UWS research outputs, recognise the global impact of UWS research beyond academia and reflect the strong research environment developed at UWS.

POSTGRADUATE RESEARCHERS

To continue to build the collegiate research environment and culture at UWS, it is critical to continue to grow the community of postgraduate research (PGR) students. As shown in the performance measures above, the PGR community has grown significantly with a particularly strong cohort of international PGR students. A project led by the VP Research, Innovation and Engagement will review the postgraduate research offering and will overhaul the marketing, recruitment and admissions for postgraduate researchers to more effectively communicate the range of PGR opportunities for study and funding available at UWS.

UWS LONDON

In 2020, UWS developed a new partnership and opened new facilities for the UWS London Campus. UWS London will remain the flagship hub of international recruitment for UWS and will benefit from the dynamic new learning environment in London Docklands. The campus, run in partnership with The Education Group, will grow through 2020-21 to expand the range of undergraduate and postgraduate programmes on offer and, through challenging Covid times, to develop a busy, vibrant, international campus.



Strategic Report

External environment and managing strategic risk

The University of the West of Scotland is adept at managing risk and seeking to identify opportunities for the unpredictable external environment.

The governance and management of risk is outlined on page 30.

Similar to educational establishments and communities around the world, the unprecedented Covid pandemic presents a challenge to the conventional expectations on the delivery of academic, professional and commercial services. This section sets out some of the significant forces in the external environment for UWS in 2020-21 and how UWS will seek to use these as a catalyst to emerge stronger.

COVID-19

The pandemic has brought about new ways for universities to operate, with rapid pivot to hybrid studying and remote working. The coronavirus crisis presents a risk to all universities for 2020-21 and beyond, affecting almost every element of the university's operations.

Covid has significant potential consequences for UWS. The initial financial impact of Covid in May 2020 was assessed as a reduction in anticipated income for 2020-21 by £11.7m. This was primarily driven by assumed reduction in income from international students, considerably more challenge in delivering commercial income from catering and student residences and decreased expectations on funded engagement with business (such as continuing professional development) due to the impact of Covid on the broader economy.

To ensure a robust, collective response across UWS to Covid and to build back better, the Creating Strength from Adversity project was created. The project is split into nine independent but related workstreams led by an identified executive lead, overseen by the Deputy Vice-Chancellor and reporting to the Vice-Chancellor's Executive Group.

The Creating Strength from Adversity workstreams informed the development of the 2020-21 budget approved by Court in May 2020 and set the parameters for a safe reopening of campuses and launch of the new academic year 2020-21.

The Court considers that the University has adequate resources to continue in operational existence as a going concern for the foreseeable future. More detail, including assessment of Covid-19 impact, is included in note 3 Going Concern Policy on page 58.

INTERNATIONAL STUDENT RECRUITMENT

UWS has delivered significant success in recent years – growing the UWS international student population on UK campuses to over 1,600. During the recruitment cycle to September 2020, application levels from non-EU students increased by 96%. One of the most significant impacts for the higher education sector from Covid would be the loss of international students coming to UK. The impact of Covid and global travel restrictions leads to great uncertainty on the number of international students able and willing to travel for study in 2020.

The loss of EU and non-EU students would constitute a significant diminution of the vibrancy and diversity of the UWS campuses as well as having challenging financial implications.

Strategic Report

External environment and managing strategic risk

BREXIT

UWS is committed to global partnership and opportunities for staff and students to collaborate and travel beyond the UK. Since 2016, UWS has supported staff and students to understand their rights and reassure them of their importance in the UWS community, continued to build effective research partnerships across the EU and continued to cooperate on exchange and student recruitment opportunities as a proud, global university which embraces the vibrancy and diversity of an international academic community.

Following the departure of the UK from the EU, 2020 is the final year that students from the EU will be able to study at UWS without a visa and from 2021 will be subject to international tuition fee levels. UWS is working closely with partner universities in the EU and developing plans for continued recruitment from the EU post-2021 while encouraging the UK government to ensure continued participation in cross-Europe funding and partnership schemes such as Erasmus. The development of constructive trade and partnership agreements between the UK and EU in late 2020 would significantly ease the smooth transition for UK universities, staff and students from January 2021.

HYBRID LEARNING AND STUDENT ENGAGEMENT

In March 2020, in response to the Covid pandemic, face-to-face teaching was suspended and moved to a remote model of learning and assessment. Through detailed preparations for academic year 2020–21, UWS has developed a hybrid learning model combining online teaching and engagement and high-quality on-campus learning.

Online delivery presents an opportunity for flexible learning and has seen rapid progress

in the development of digital learning and teaching. To ensure the success of hybrid learning, UWS is deploying additional funding to supply students with technology, delivering support to staff to enable their CPD to effectively deliver online learning and introducing sophisticated online learning platforms and pedagogy.

In addition to the delivery of effective learning and teaching, UWS has been developing new mechanisms for student induction (for new and continuing students), developing new approaches to student support, and in 2020 will implement revised ways to support student engagement in this new form of learning.

PENSIONS VOLATILITY

UWS is a member of the Strathclyde Pension Fund which is subject to actuarial valuations. In 2019–20, a non-cash accounting actuarial loss of £35.3m was recorded, more than double that in 2018–19 (£14.5m). This unpredictable volatility driven by external forces can risk the institutional (non-cash) balance sheet.

SFC AND SCOTTISH GOVERNMENT FUNDING

Funding from the Scottish Funding Council to universities before Covid was already restrictive and limiting. Audit Scotland found that the SFC's funding to the higher education sector reduced by 7% (£91 million) in real terms, between 2014–15 and 2017–18. The Scottish Government's 2020–21 budget pledged to 'strengthen our universities with a real-terms increase in funding for higher education to maintain Scotland's global reputation and commitment to widening access'. While this was a positive shift in position from flat cash settlements in recent years, the uplift of £22.1 million in overall funding to the sector equates to a 1.97% uplift – only marginally above current inflation rates.

Strategic Report

Sustainability / Equality & Diversity

In July 2020, the Scottish Funding Council announced “ A Review of Coherent Provision and Sustainability in Further and Higher Education. The review, commissioned by the Scottish government, sets out to consider how best to achieve coherence and sustainability of further and higher education during the Covid crisis, EU-exit and beyond. The review is expected to complete by May 2021, building on a phase I report published in October 2020. The review could bring substantial funding, systemic and structural changes to the FE and HE sectors in Scotland. UWS is constructively engaging directly with Scottish Funding Council, government, peer institutions and partner colleges to set out a vision for the higher education sector in Scotland which protects the autonomy of Scotland's universities, provides a stable funding model for the medium and long term and continues to ensure that all universities deliver learning, teaching, research and innovation.

SUSTAINABILITY

UWS is committed to sustainability and social responsibility. The UWS Strategy 2025 commits UWS to reducing our emissions and becoming net zero by 2040 and sets one of the institutional values to be ‘tackling world issues’. We want to make a difference where we can and to inspire our students and staff to contribute to a sustainable and socially responsible environment at the University and beyond.

UWS is committed to institutional sustainability through promoting healthy approaches to travel, environmentally-friendly decisions for catering, preparing for climate change and adopting sustainability as a key criterion in developing infrastructure.

UWS is committed to reducing its carbon footprint. Public sustainability figures will be available in April 2021 (for 2019–20). The University's carbon emission in 2018–19 (the most recent published) was 6,504 tonnes of CO₂e, a 21-percentage point reduction from the previous year. The impact of Covid requiring campus closures and restrictions on travel will deliver further significant reductions in CO₂e in 2019–20. Over the coming year, the University will explore new ways of working and studying which will seek to maintain the benefits of reduced carbon through more consistent use of technology rather than travel, to reduce consumables and through more flexible working patterns.

The developing estates plan will continue to learn lessons from the UWS Lanarkshire Campus which was recognised in 2019 as an exceptional example of sustainability in practice, winning the ‘Sustainable Buildings That Inspire’ award at the Guardian University Awards 2019.

Reduced carbon emissions by **21%** from the previous year

Strategic Report

EQUALITY AND DIVERSITY

One of the UWS seven core values is 'shaping society'. The Strategy 2025 confirms 'we remain committed to widening access, equality, diversity and inclusion.'

The University code on equality, diversity, inclusion and human rights outlines our commitment to and approach to promoting equal opportunities for both students and staff with protected characteristics, including disabled persons. The University aims to:

- create a culture free from discrimination, where equality is promoted, diversity is celebrated and human rights are respected.
- treat individuals with dignity, fairness and respect, regardless of background or personal characteristics.
- create an inclusive environment and seek to remove barriers to enable members of the University community to reach their full potential.
- mainstream equality considerations throughout both policy and practice at UWS, including within the Outcome Agreement process with the Scottish Funding Council.
- challenge unacceptable actions and behaviours such as harassment, bullying or victimisation of people based on their personal characteristics, eliminate all forms of unlawful discrimination and deal with any discrimination consistently and effectively.

UWS welcomes the opportunity to make a difference in how we deliver equality and diversity in Scotland and supporting those individuals with protected characteristics to ensure that they have the same opportunities as others to be free of any form of unlawful discrimination.

We have achieved recognition in our work with widening participation, developing family friendly policies and ensuring that we have a safe campus for staff and students. We strive to ensure that all protected characteristics are supported at the University. As we continue to develop as a 21st century University, we will embed further examples of good practice to ensure that we support our staff and students to be free of discrimination, harassment and victimisation. We continue to support a culture of diversity and inclusion as well as embedding equality and diversity in our institutional policy framework.

DISABILITY

The University is committed to promoting opportunities for both students and staff with disabilities.

The University provides a range of services to assist and support students with identified disabilities to enable them to pursue their studies.

UWS is recognised as a Disability Confident Employer. Our policies cover the recruitment and selection processes, training, awareness and support for applicants and our employees.



Financial Performance Review of the Year

Key Financial Highlights

The results for the year ended 31 July 2020 are summarised below:

	2019/20 £m	2018/19 £m
Income	122.0	120.2
Expenditure	124.1	128.6
Underlying operating surplus	3.7	0.3
Pension Charge to the Statement of Comprehensive Income	(3.9)	(5.5)
Operating (deficit) before other gains or losses	(2.1)	(8.5)
Other items	0.2	0.6
Deficit for the year	(1.9)	(7.9)
Cash at bank	28.6	16.2

	2019/20 Number	2018/19 Number
Student Head Count	20,582	19,900
Staff FTE	1,181	1,249



Financial Performance Review of the Year

Results for the year

Total Net Assets	£24.6m	Capital Investment	£3.8m	Deficit for Year £(1.9)m
Income	£122.0m	Borrowings & Leases	£102.9m	
Expenditure	£124.1m	Cash at Bank	£28.6m	

	MANAGEMENT ACCOUNTS	FRS 102 PENSION	EXCEPTIONAL ITEMS	ADJUSTMENTS*	FINANCIAL STATEMENTS
	£m	£m	£m	£m	£m
Total Income	119.1			2.9	122.0
Salaries	(68.0)	(3.0)	(2.4)	(0.4)	(73.8)
Non-Staff	(34.4)	(0.9)		(2.1)	(37.4)
Depreciation	(13.0)			0.1	(12.9)
Total Expenditure	(115.4)	(3.9)	(2.4)	(2.4)	(124.1)
Surplus (deficit) before other items	3.7	(3.9)	(2.4)	0.5	(2.1)
Gain on asset disposal			0.6		0.6
Unrealised surplus on investment				(0.4)	(0.4)
Surplus/(deficit)	3.7	(3.9)	(1.8)	0.1	(1.9)
Actuarial loss on pension plan		(35.3)			(35.3)
Total comprehensive income for the year	3.7	(39.3)	(1.8)	0.1	(37.2)

*Standard year-end adjustments and reallocations

The financial position for UWS is a strong one despite the extremely difficult times that we have been operating in during the second half of the year, as a result of the Covid pandemic. The core business activities continued to support the delivery of the Corporate Strategy and high-quality learning and research. Total student numbers in 2019/20 increased slightly (3.4%) on previous year, overall income increased with underlying income from operating activities up over 3.5%. Costs were also tightly controlled during the year to support financial sustainability.

Financial Performance Review of the Year

Key Financial Highlights

During the year there was a £0.6m gain relating to the sale of the University's Caird Building in Lanarkshire. However, the financial results have been adversely impacted by £2.4m for the cost of restructuring to contain staff costs.

The deficit for the year of £1.9m reflects non-cash accounting adjustments in relation to FRS 102 pension charge of £3.9m and loss on revaluation of investments of £0.4m.

In addition to this, there was a non-cash accounting actuarial loss of £35.3m (2019: £14.5m) recognised in the SOCI in respect of the Strathclyde Pension Fund.

- SFC GRANT INCOME **-2.3%**
- SCOTTISH & EU TUITION FEES **+3.6%**
- OTHER INCOME **-27.9%**
- NON EU TUITION FEES **+19.3%**
- RESEARCH & CONTRACT INCOME **+33.8%**

Statement of Comprehensive Income

INCOME

Total income grew by £1.8m (1.5%) to £122.0m (2019: £120.2m). Total income comprises funding council grants, tuition fees and education contracts, research grants, other income, investment income and donations and endowments.

Total income represents £103,277 per FTE staff member (2019: £96,201).

The University's main source of income is from teaching activities. Scottish Funding Council (SFC) grants recognised in the financial statements reflect the allocations announced in the SFC funding outcome agreements for Universities. In 2019/20 funding council grants of £70.5m were received which represents 57.8% of the University's total income. The University also received a capital maintenance allocation of £1.2m which has been utilised for the purchase of capital items as well as to fund ongoing estates maintenance works.

Total tuition fee and education contract income increased by 15.6% from £30.7m in 2019 to £35.5m for year to 31 July 2020. This reflects the growth delivered in overseas student markets.

Scotland & EU student fee income increased by £0.7m (3.6%) reflecting an increase in the funded student population, largely in nursing, midwifery and teacher education. Transnational Education (TNE) remained healthy, up 27.8% to £1.1m (2019: £0.8m), whilst our income from students from the rest of the UK (RUK) increased by 37.2% to £2.4m.

Income increased from non-EU tuition fees, up £1.6m (19.4%) from £8.1m in 2019 to £9.7m. Income received from Education Contracts increased 44.8% from £0.9m in 2019 to £1.3m.

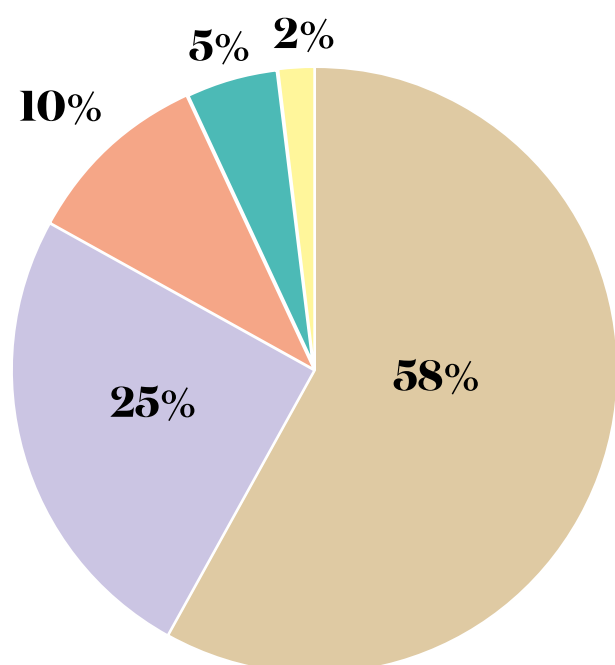
The level of research grant and contract income recovered from a drop in 2019, increasing by 33.8% from £3.3m in 2019 to £4.4m. This increase has fulfilled the forecast based on metrics on application and awards noted in the 2019 financial performance review. The strong performance of Knowledge Transfer Partnerships and the steady performance of other research projects, despite the impact of Covid on delivery, has generated this uplift in income.

Financial Performance Review of the Year

Expenditure

Overall University expenditure has reduced by £4.5m (3.5%) to £124.1m (2019: £128.6m). Expenditure comprises staffing, restructuring, interest and financing costs, other operating expenses, depreciation of fixed assets and impairment of fixed assets.

- SALARIES AND WAGES **-4.5%**
- OTHER OPERATING COSTS **+8.3%**



How money was spent in 2019/20

- Staff costs
- Other operating expenses
- Depreciation
- Interest and other finance costs
- Exceptional restructuring costs

Staff Costs

Staff costs are the largest element of expenditure for the University and an important resource to ensure the University can provide the right balance between excellent teaching, research and professional support. In the year, expenditure represented 58.5% of Income (2019: 62.2%).

Staff costs for the financial year were £71.4m (2019: £74.7m) a decrease of 4.5% against an average employee base of 1,181 (2019: 1,249). The overall decrease in staff costs reflects the

restructure that took place in 2018/19 and resultant reduction in FTE partly offset by annual pay and increment awards. In addition, pensions for the year includes the Strathclyde Pension Fund total service costs of £7.5m (2019: £10.0m).

Staff voluntary severance costs in the financial year were £2.4m (2019: £0.8m). The University will continue to manage the cost base and rebalance resource allocations to meet the requirements of the University's financial sustainability plans while still delivering the strategic aims.

Financial Performance Review of the Year

Other Operating Expenses

Other operating expenditure increased by 8.3% to £31.3m (2019: £28.9m). The majority of Schools and Departments managed to deliver services within budgetary expectations, reflecting the commitment to financial sustainability and the generation of efficiencies to support the ongoing investment in key resources to secure the growth in income.

There were, however areas where costs increased year on year. There were additional costs relating to recruitment of international students and other income generating activity and also costs relating to Covid and remote working. In addition to this it was felt prudent to increase the provision for bad and doubtful debts due to the levels of students expressing concerns in paying fees as a result of hardship brought on by the pandemic.

Interest and other finance costs

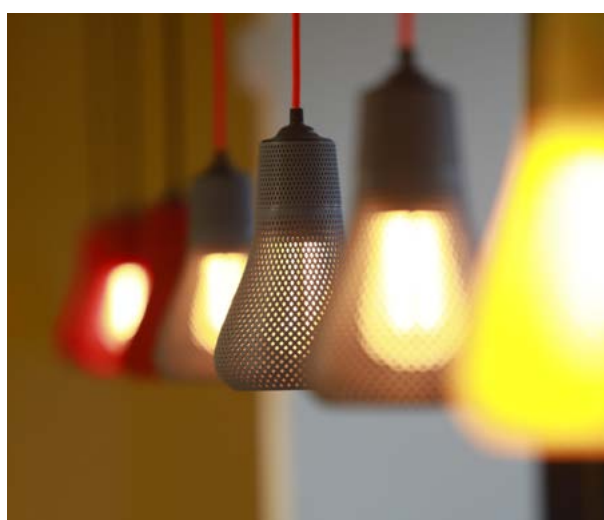
Finance interest costs increased by £0.7m in year reflecting a full year impact of finance leasing costs associated with the Lanarkshire Campus along with the cost of temporary credit facility utilised to protect working capital during the pandemic.

Statement of Financial Position

The University has total net assets of £24.6m as at 31 July 2020 (2019: £61.9m). The decrease in net assets of £37.3m can largely be attributed to the University share of the accounting liability in the Strathclyde Pension Scheme increasing by £39.2m in year to £73.2m (2019: £34.0m).

Treasury

Cash at bank and deposits held at 31 July 2020 was £28.6m (2019: £16.2m). This increase is largely due to a further drawdown of £10.0m from the available revolving credit facility. This was done as a precautionary measure to mitigate the forecast strain on the University's working capital during the Covid pandemic. It can be seen from the increase levels of cash at bank that the working capital position has held up well during the pandemic so far. All treasury decisions are taken within the framework of the University's Treasury Management procedures. The underlying principle is that the University operates a medium-risk approach in managing its investments and liquidity. All funds are placed with bodies agreed by the University and monitored against minimum credit rating criteria and return on performance. Our fund managers ensure compliance with our Ethical Investment procedure, in which the University recognises its responsibility to operate in an ethical manner and to take account of social, environmental and ethical considerations in all activities including financial investment. At 31 July 2020, the University had net liquidity days of 94 (2019: 54) and a liquidity ratio of 1.29 (2019: 0.94), which is mainly due to the increase in the cash balance held.



Financial Performance Review of the Year

Capital Investment / Estates and Facilities

During 2019/20, £3.8m was spent on capital additions. Expenditure on furniture and fittings (£1.9m) related to the upgrading of IT system and equipment. Expenditure on freehold buildings amounted to circa £0.4m and this included some further work on the Lanarkshire Campus together with various building upgrades across the University. The remainder (£1.5m) of additions was work in progress at the year end – the majority of this related to the fit out of the London campus due to be operational in 2020/21.

Payment of Creditors

It is the University's policy to obtain the best terms of business from creditors, and thus there is no single policy as to the terms used. In agreements negotiated with suppliers, the University endeavours to include and abide by specific payment terms. UWS is committed to dealing fairly and professionally with all of our suppliers. We aim to pay at least 95% of invoices within 30 days of receipt of a valid invoice. During 2020, 95.7% of invoices were paid within the 30 day target. The amount of interest paid in the year under the Late Payment of Commercial Debts (Interest) Act 1998 was nil.

Pensions

The University participates in three separate defined benefit pension schemes, which are the Strathclyde Pension Fund (SPF) for non-academic staff, the Scottish Teachers Superannuation Scheme (STSS) for academic staff and the Universities Superannuation Scheme (USS) for a small number academic and academic related staff.

The University accounts for the SPF using full defined benefit accounting in accordance with the requirements of FRS 102. Within total net assets is the pension liability in relation to the University's share of assets and liabilities in the SPF. In 2019/20 the liability increased from £34.0m to £73.2m. This reflects an increase in the present value of funded liabilities and past service costs.

The University continues to take the exemption permitted under FRS 102 to disclose the STSS Scheme as a defined contribution scheme as information is not available in order to calculate individual employers' share of the overall deficit. A liability is recognised within provisions for the UWS share of the obligation to fund past deficits within the USS scheme.

The effect of increasing employer pension contributions for each of the Schemes will impact on the staffing cost obligation met by the University. Employer contributions to the USS Scheme increased from 19.5% to 21.1% from October 2019. There are no further planned changes to these rates until at least September 2021.

Financial Performance Review of the Year

Financial Sustainability

The fundamental aim of the financial approach within UWS is to ensure the University's long term financial sustainability. The approach ensures financial resources are directed towards priorities, that risks are effectively managed, that value for money is achieved and that UWS is and remains a financially sound and robust University. Aligned with the key thematic plans, this financial approach will enable the University to achieve the aims of the UWS Strategy 2025.

The performance framework underpinning the UWS Strategy 2025 informs the financial forecasts of the University. Our progress and achievements in delivering the KPIs has a direct influence on the financial performance of the University which is measured through regular monitoring and review of the key financial metrics of the University relating to: staffing, income and income sources, surplus generation, cash flow, borrowings and cost control.

FUTURE DEVELOPMENTS

UWS is financially sustainable but takes full cognisance of the future challenges that lie ahead for the Higher Education sector in Scotland and beyond.

The University is committed to maintaining its growth in income over future years. These targets are reflected in the ambition to continue to deliver investment-enabling surpluses to support the ambitions of the UWS Strategy 2025.

UWS is clearly able to demonstrate its ability to grow income from new sources, although this is arguably far more challenging for post-92 universities in Scotland than for older institutions. Overcoming this, challenge combined with rigorous cost containment and a strong financial reporting framework will underpin the University's long-term financial sustainability.

However, UWS is not complacent and acknowledges that there are a number of risks and uncertainties, identified earlier, which can impact on the future achievement of corporate objectives.

Kate Allum
Chair of Court



Statement of Corporate Governance

Introduction

The University Court of the University of the West of Scotland ('Court') is committed to best practice in all aspects of corporate governance, including the principles set out in the Scottish Code of Good Higher Education Governance.

STATEMENT OF COMPLIANCE

In the opinion of the Governing Body, the University complied with all the principles and provisions of the 2017 Scottish Code of Good Higher Education Governance through the year.

EXTERNAL REGULATORY FRAMEWORK

The Scottish Funding Council (SFC) is the principal regulator of higher education institutions (HEIs) in Scotland. It is a Non-Departmental Public Body (NDPB) of the Scottish Government and undertakes its functions under the terms of the Further and Higher Education (Scotland) Act 2005 (the 2005 Act), as amended, including by the Post-16 Education (Scotland) Act 2013. In particular, SFC may make grants, loans or other payments to the governing bodies of institutions for the provision of further education, higher education, research and related activities.

Governing Body Structures

The University of the West of Scotland is formed as a "body corporate" under the terms of a statutory instrument. The University's constitutional basis is contained within the University of the West of Scotland Order of Council 2019. The University is also a registered charity in Scotland with the Office of the Scottish Charity Regulator (SC002520).

UNIVERSITY COURT

The Court of the University is the supreme governing body of the University, collectively responsible for overseeing the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised

PRIMARY RESPONSIBILITIES OF THE COURT

The Primary Responsibilities of Court reflect the requirements of the revised Scottish Code of Good HE Governance:

- To protect the reputation and values of the institution;
- To ensure, in conjunction with the Senate, the quality of the institution's educational provision and adequate provision for the general welfare of students;
- To approve the mission and strategic vision of the Institution, its strategic plan, key performance indicators (KPIs) and annual budgets, ensuring that they have due regard to the interests of students, staff and other stakeholders, and monitoring performance in terms of these;
- To appoint the Principal & Vice-Chancellor as the Chief Executive Officer of the University and put in place suitable arrangements for monitoring his performance;

Statement of Corporate Governance

- To appoint the Secretary to the governing body; and
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls, risk management, means of evaluating the governing body's own performance and clear procedures for handling internal grievances and "whistleblowing" complaints and for managing conflicts of interest.

external auditor and is responsible for monitoring the effectiveness of both internal and external audit.

The Committee considers detailed reports on the University's systems of internal control which support core business activities including governance arrangements; risk management; financial management; organisational and service performance, including value for money, as well as the audit of the University's annual financial statements.

Committee Structures

The Scheme of Delegation outlines which matters are reserved for Court and those which can be formally delegated to its Committees.

The University Court retains ultimate responsibility for the conduct of the University, however much of the detailed work is delegated to the following standing committees of Court:

The **Policy and Resources Committee** oversees the strategic policy, people and financial responsibilities of Court, makes recommendations to Court on the University's annual review and capital budgets and monitors performance in relation to approved budgets. It ensures compliance with the SFC Financial Memorandum and maintains an oversight of student numbers and people resource monitoring.

As part of its responsibility for the financial oversight of the University, the Committee reviews the annual financial statements, in conjunction with the Audit & Risk Committee and recommends these to Court for approval.

The **Audit and Risk Committee** met five times in 2019/2020. The Audit and Risk Committee oversees the audit arrangements for the University, including the appointment of the

The **Remuneration Committee** has delegated responsibility from Court for approving the remuneration of the Principal and Vice-Chancellor and all members of the Vice-Chancellor's Executive Group. Details of the remuneration of higher-paid staff are set out in Note 7 to the financial statements.

The work of the Remuneration Committee is governed by a clear remuneration framework, approved annually by Court and is informed by benchmarking data and comparator information on salaries and other benefits and conditions of service in the HE sector.

When appraising the Principal's performance, the Chair of Court consults lay, staff and student governors on the Principal's performance in relation to his objectives and the performance of the University and reports to the Remuneration Committee.

Statement of Corporate Governance

Committee Structures

The **Governance and Nominations Committee** has responsibility for maintaining oversight of corporate governance arrangements and considers nominations for vacancies in the Court membership having regard to the balance of skills, experience and attributes required. During the 2019/2020 academic year, the Governance & Nominations maintained oversight of the arrangements for the Election of the new Chair of Court. The Governance & Nominations Committee keeps the balance of diversity, skills and experience under review and maintains a skills matrix. The Committee reviews the skills matrix at least annually to identify any gaps and to ensure that the breadth and depth of skills and experience, which Court requires to discharge its responsibilities effectively, continues to be reflected in its membership.

Attendance of Court members is reviewed annually by the Governance & Nominations Committee. An analysis of attendance during 2019/2020 is set out at page 35.

The **Health, Safety and Sustainability Committee** advises the Court on all matters relating to health and safety and environmental management within the University and promotes an evolving and proactive culture in health and safety and sustainability and environmental management throughout the University.

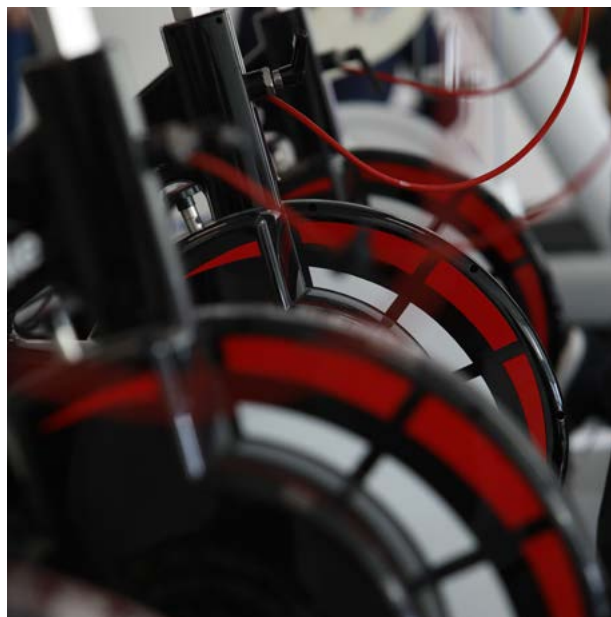
SENATE

The Court delegates powers to the Senate in relation to the academic matters of the University.

The Senate is responsible for the overall planning, co-ordination, development and supervision of the academic work of the University, the maintenance of academic standards, the Regulatory Framework for academic awards and the promotion of academic development, research and scholarly activity.

Senate is also able to establish and delegate authority to a number of sub committees of Senate for a number of areas of its work.

Senate is accountable to Court and submits regular reports on its work to Court during the course of the year. Members of Court are invited to attend meetings of Senate as observers. An externally facilitated effectiveness review of the Senate took place in 2019-20.



Statement of Corporate Governance

Key Governance Activities of Court during 2019/20

Court held a workshop to consider the development of a new UWS Corporate Strategy and a strategic residential event. During the 2019/2020 financial year, the University Court engaged with a number of key governance activities including:

- Election of new Chair of Court
- Approval of UWS Strategy 2025 and associated Performance Framework
- UWS Response to Coronavirus - "Creating Strength from Adversity"
- While it was not necessary to amend the governance framework in the light of the pandemic, to ensure the continuation of University business during Covid pandemic restrictions, meetings of Court and its sub Committees have been held remotely since March 2020 and all meetings were held as originally planned.
- In line with good practice, and an expectation of the Code, a range of activities are undertaken to review the effectiveness of the Court, including members' self-evaluation, 1-1 meetings with the Chair and a review of the overall effectiveness of Court. An externally facilitated review of effectiveness was undertaken in the 2019/2020 academic year.



Statement of Corporate Governance

Key Officers of the University

CHANCELLOR

The Chancellor is the titular head of the University with the power to confer degrees, diplomas and other academic distinctions. The current Chancellor of the University is the Rt. Hon. Dame Elish Angiolini DBE QC FRSE.

THE CHAIR OF COURT

The Chair of Court is responsible for the leadership of the governing body and is ultimately responsible for its effectiveness. The Chair's responsibilities are set out in the Court Handbook and in the role description.

The Chair is responsible for ensuring that the University has due regard to the interests of all stakeholders in carrying out its business. The University has developed various initiatives to ensure it is well-connected with its stakeholders and continues to develop these.

The Principal & Vice-Chancellor meets with the Chair of Court and the Chairs of the Court Standing Committees in advance of each meeting of Court which allows the Chairs to raise any issues about the conduct of their committees' business. There is a Vice Chair of

Court and an independent intermediary member who is a point of contact for governors in the event that a Court member wishes to raise an issue regarding the Chair of Court. This is in addition to the annual appraisal process for the Chair of Court.

The Secretary to Court meets regularly with the Chair of Court to ensure that the conduct of Court business is carried out in accordance with the Standing Orders, meetings are properly clerked and that minutes are produced timeously. Court minutes are published on the University website. (www.uws.ac.uk/about-uws/governance/court/meeting-minutes/).

PRINCIPAL AND VICE-CHANCELLOR

The Principal and Vice-Chancellor is the chief academic and administrative officer of the University. The Principal and Vice-Chancellor is subject to the general control and direction of the Court. The Principal and Vice-Chancellor is the Chair of the Senate and the Designated (Accounting) Officer under the terms of the Scottish Funding Council Financial Memorandum. The responsibility for the day to day running of the University rests with the Principal supported by a Vice-Chancellor's Executive Group.



Statement of Corporate Governance

Governor Development

LEADERSHIP AND MANAGEMENT

The Vice-Chancellor's Executive Group is responsible for the day-to-day management of the University. Each member of the Executive has clearly defined, functional roles contributing to strategic policy and decision making relating to all areas of the University. Teaching and Research are grouped into Academic Schools and are supported by a number of Professional Support Departments.

The Schools are the cornerstones of academic life at the University, offering high quality programmes, professional training courses, research opportunities and consultancy services. The Schools also host the research excellence of individuals and groups to consolidate the University's success in attracting major grants, further develop collaborations across the University and with partners within and outside Scotland, and work with end-users in the public and private sectors.

GOVERNOR DEVELOPMENT

The members of Court consist of lay members, students and staff. The University is committed to governor development and sees it as an important part of the infrastructure to sustain high quality governance.

As part of induction arrangements for new members of Court and continuous professional development for existing members, a range of sessions supported by institutional leads are held during the year. Topics this year have included:

- the role of members of Court;
- Strategic Planning and Finance;
- Academic Quality, Academic Life and the Student Experience;

- Legal Compliance and Equality & Diversity;
- Research and Enterprise and International Recruitment
- People, Estates and IT.

A development training session for members of Court on Risk Management was also held during the 2019/2020 academic year. Additional induction sessions are arranged for new members of the Audit & Risk Committee.

To help with the familiarisation process in their first year on Court, governors are also offered the opportunity to be paired with an experienced member of Court to assist them to transition into the role.

Details of external courses and governance briefings for the induction and further development of members of Court are communicated to members, along with other appropriate events, in the regular communications with Court.

Other arrangements designed to keep members of Court up to date with University developments and throughout the sector include strategic presentation and discussion items, Campus Showcase events, University Announcements and the staff e-bulletin.

Statement of Corporate Governance

UWS Strategy

A dynamic and comprehensive strategic planning process underpins the development of the Strategy 2025 and subsequent monitoring of progress towards delivery of the agreed Performance Framework. The University's Court is involved in that process – from early inception, through development to final approval. The process involves workshops, presentations and digital engagement and extends beyond Court to include the University Executive, colleagues, students and key external stakeholders.

The University's Executive and the Court receive regular reports on progress towards delivery of the Strategy's Performance Framework against an agreed reporting schedule. The associated financial plan is also reviewed within that reporting schedule.

Risk management and internal control

RISK MANAGEMENT ARRANGEMENTS

The University faces a number of strategic risks which could affect its academic, professional and commercial ambitions.

The University takes a systematic approach to managing risk at corporate, school, department and project levels. The levels of risk the University is seeking to take, or willing to accept are key elements within these arrangements and feature in discussions between Executive Officers and with Members of Court.

Underpinning this is a risk management framework embedded throughout the University which incorporates an institutional risk procedure, guidance, and managed arrangements for recording, reviewing and escalating risk information.

High level risks to the University achieving the UWS Strategy are managed closely and documented on the Corporate Risk Register. Reflecting the importance of these corporate risks, each has been assigned an owner from the Vice Chancellor's Executive Group with executive responsibility for managing that risk. These risks are reviewed quarterly with the Corporate Risk Register submitted periodically to the Audit and Risk Committee and Court.

The section 'external environment and risk management' outlines the key strategic risks and a series of mitigating actions to manage UWS' exposure to these.

In 2019-20, UWS has specifically considered the risks related to Covid and Brexit.

As noted, the Creating Strength from Adversity Project has provided oversight and leadership in managing and responding to Covid. Each of the nine workstreams is led by a member of the Vice Chancellor's Executive Group and supported by the Programme Management Office, and reports regularly to the University Executive. The 'dashboard' updates from each workstream include an explicit statement on risk and, as required, will escalate issues or actions requiring resolution. The reporting of activity and risk from the workstreams ensures shared understanding across executive leads, deans of school and directors of services. The project risk assessments form part of the evidence-base for updates to local and corporate risk register.

UWS has closely monitored, and sought to mitigate, the impact of Brexit for UWS and its staff and students since 2016. A working group from across the University has supported a joined-up approach to considering student and staff wellbeing, future staff and student recruitment, European research partnerships, and financial risks. Through this process, the University has communicated clearly and sensitively on topics such as right-to-remain, the future of the Erasmus programme, and has affirmed and

Statement of Corporate Governance

consolidated partnership with institutions and research partners within the EU. Schools and services have reflected the variable risks in their relevant risk registers, recognising the differential risks experienced by different groups (e.g. School of Business and Creative Industries with highest EU student recruitment, School of Computing, Engineering and Physical Sciences with highest EU research income and partnerships). These risks have been reflected in annual planning rounds, briefings to the executive and the corporate risk register with actions and mitigations appropriately in place.

SYSTEM OF INTERNAL CONTROL

Court is responsible for ensuring the University's systems of internal control are in place and for failure to achieve business objectives and can provide reasonable but not absolute assurance against material misstatement or loss.

Court maintains oversight of the control environment and key risks by considering reports from the Executive and the Audit and Risk Committee throughout the year. Reports include progress against the Performance Framework arising from the UWS Strategy, financial performance, risk management and developments in key business activities. The Scheme of Delegation is designed to ensure that high value / high risk decisions are approved at the most appropriate level.

The Audit and Risk Committee maintains an overview of the institutional risk management policy and reports to Court accordingly.

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL

The Audit and Risk Committee conducts an annual assessment of the effectiveness of the system of internal control and reports to Court.

UWS has an in-house Internal Audit function which provides an independent assessment of the University's system of internal control. The Head of Internal Audit agrees an annual plan of work which includes an assessment of governance and risk management arrangements, performance and value for money. The Audit and Risk Committee considers the annual report by the Head of Internal Audit and reports by the University's external auditor on the audit of the annual financial statements in reaching a conclusion.

GOING CONCERN

The Court considers that the University has adequate resources to continue in operational existence as a going concern for the foreseeable future.

CONCLUSION

Court considers that an adequate and effective system of internal control has been established and that there are appropriate processes in place for identifying, evaluating and managing the University's significant risks for the year ended 31 July 2020 and up to the date of approval of the Financial Statements.



Statement of the University Court's Responsibilities for Accounting and the Financial Statements

In accordance with the University's formal governance arrangements, the Court is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Court considers that the University has adequate resources to continue its operations for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The Court is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the University's Order of Council, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). In addition, within the terms and conditions of the Financial Memorandum agreed between the Scottish Funding Council and the University Court, the Court, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the accounts to be prepared, the Court has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- accounts are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation.

The Court has taken all reasonable steps to:

- ensure that funds from the Scottish Funding Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Scottish Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

Membership of Court

The following were members of Court for all or part of the year ended 31 July 2020 or the period between the year end and the date of approval of these financial statements.

Court Member	Date of Appointment	Date of Retirement	Category of Membership
Mrs K Allum	01/02/20		Lay (Chair)
Ms L Barjonas		28/02/20	Lay
Ms A Buchanan	01/06/20		Nominated by Support Staff Trade Unions
Mr A Burns	01/06/20		Nominated by Academic Staff Trade Union
Mrs M Curran			Lay
Mr C Devlin		31/12/19	Lay
Ms M Gibson OBE			Lay
Mr A Gordon			Lay
Dr W Hatton		31/01/20	Lay (Chair)
Mr H Henry		31/01/20	Lay
Ms C Hunter			Student
Mr F Jacob		31/05/20	Student
Professor C Mahoney			Principal and Vice-Chancellor
Dr L Meredith	01/08/20		Provost & Deputy Vice-Chancellor
Mr A Miller	01/02/20		Lay
Mr A Munro			Lay
Professor C MacDonald			Lay (Vice Chair)
Ms M McCusker			Elected by All Other Staff
Ms A McKechin			Lay
Mr I Nizami	01/06/20		Student
Dr C O'Donnell	01/11/19		Senate Representative
Ms T O'Donnell			Lay
Professor S Olivier		31/07/20	Provost & Deputy Vice-Chancellor
Mr K Quinlan			Lay
Professor K Sloman		31/10/20	Elected by Academic Staff
Mr W Smith		30/06/20	Lay
Dr J Thompson		31/08/19	Senate



Attendance at Court and Committee meetings for the year to July 2020

	COURT COMMITTEES MEMBERSHIP							
	COURT MEETINGS	STRATEGIC THEMED EVENT 9 Sept 2019	RESIDENTIAL EVENT 10 & 11 Feb 2020	PRC met 4 times	ARC met 5 times	REM COM met twice	GOV & NOMS met 4 times	H&SS met 3 times
Mrs K Allum	3 of 3	N/A	1 of 1	1 of 2			2 of 2	
Ms L Barjonas	2 of 2	1 of 1	1 of 1		3 of 3			
Ms A Buchanan	1 of 1	N/A	N/A					
Mr A Burns	1 of 1	N/A	N/A					
Ms M Curran	4 of 4	0 of 1	1 of 1		3 of 5			
Mr C Devlin	1 of 1	1 of 1	N/A		2 of 2			
Mr R Doherty*	N/A	N/A	N/A		4 of 5			
Ms M Gibson OBE	4 of 4	0 of 1	1 of 1	4 of 4				
Mr A Gordon	3 of 4	1 of 1	1 of 1	4 of 4		2 of 2		2 of 3
Dr W Hatton	1 of 1	1 of 1	N/A	2 of 2		2 of 2	2 of 2	
Mr H Henry	1 of 1	1 of 1	N/A		1 of 3			
Ms C Hunter	4 of 4	1 of 1	1 of 1					
Mr F Jacob	3 of 3	1 of 1	0 of 1	3 of 3			4 of 4	
Professor C Mahoney	3 of 4	1 of 1	1 of 1	4 of 4			4 of 4	
Mr A Miller	3 of 3	N/A	1 of 1					
Mr A Munro	3 of 4	1 of 1	1 of 1		5 of 5			
Professor C MacDonald	4 of 4	1 of 1	1 of 1	4 of 4		2 of 2	4 of 4	
Ms M McCusker	4 of 4	1 of 1	1 of 1					
Ms A McKechin	4 of 4	1 of 1	1 of 1		2 of 2			
Mr I Nizami	1 of 1	N/A	N/A	1 of 1				
Dr C O'Donnell	4 of 4	N/A	1 of 1	1 of 1				
Ms T O'Donnell	3 of 4	1 of 1	1 of 1	4 of 4			4 of 4	
Professor S Olivier	3 of 4	1 of 1	1 of 1	2 of 4			3 of 4	
Mr K Quinlan	4 of 4	1 of 1	1 of 1					
Professor K Sloman	4 of 4	1 of 1	1 of 1	4 of 4			4 of 4	
Mr W Smith	4 of 4	0 of 1	1 of 1	4 of 4		2 of 2		

*Mr R Doherty was co-opted onto the Audit and Risk Committee and is not a member of Court.

- **PRC** = Policy & Resources Committee;
- **ARC** = Audit & Risk Committee,
- **REM COM** = Remuneration Committee;
- **GOV & NOMS** = Governance and Nomination Committee
- **H&SS** = Health, Safety & Sustainability Committee

Independent Auditor's Report to the Court of the University of the West of Scotland

Report on the audit of the financial statements

OPINION

We have audited the financial statements of the University of the West of Scotland ("the University") for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the Statement of Principal Accounting Policies.

In our opinion, the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2020 and of the University's income and expenditure, gains and losses and changes in reserves and of the cash flows for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2019 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 14 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the University in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

The University Court of the University of the West of Scotland has prepared the financial statements on the going concern basis as they do not intend to liquidate the University or to cease their operations, and as they have concluded that the University's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Independent Auditor's Report to the Court of the University of the West of Scotland

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the University Court's conclusions, we considered the inherent risks to the University's business model, and analysed how those risks might affect the University's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the University will continue in operation.

OTHER INFORMATION

The University Court of The University of the West of Scotland is responsible for the other information, which comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Strategic Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the University has not kept adequate and proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

THE UNIVERSITY COURT'S RESPONSIBILITIES

As explained more fully in their statement set out on page 32, the University Court of the University of the West of Scotland is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report to the Court of the University of the West of Scotland

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We are required under the terms of our engagement to report on the following matters.

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation and any other terms and conditions attached to them;
- funds provided by the Scottish Funding Council have been applied in accordance with the Financial Memorandum with Higher Education Institutions.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the University Court of the University of The West of Scotland in accordance with paragraph 6 of the University of the West of Scotland Order of Council 2019, and, in the University Court's role as charity trustees, in accordance with section 44(1)(c) of the Charity and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the University Court of the University of the West of Scotland those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the University Court of the University of the West of Scotland for our audit work, for this report, or for the opinions we have formed.

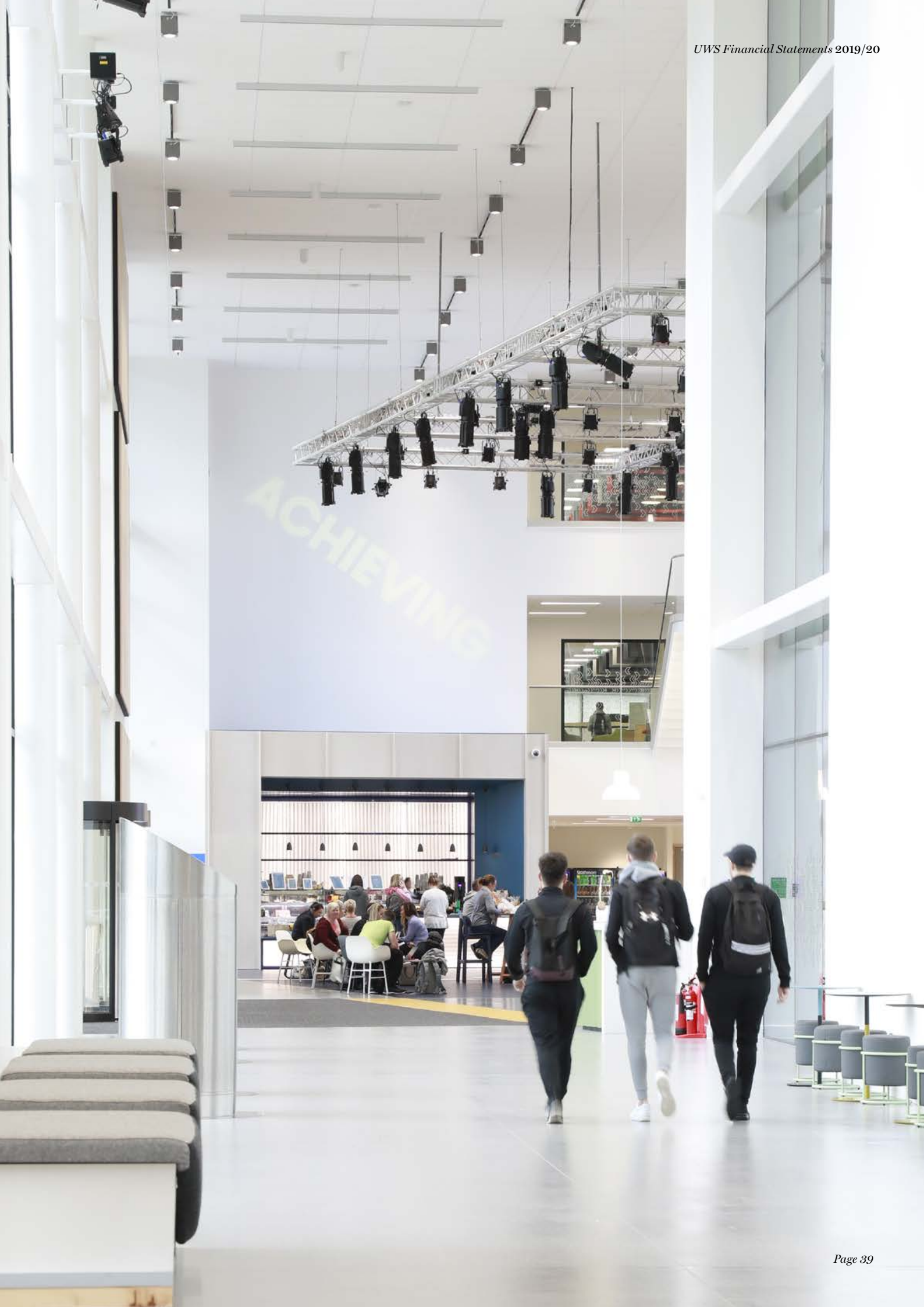
Michael Wilkie

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street
Glasgow
G2 5AS



Statement of Comprehensive Income for the year ended 31 July 2020

	NOTE	2020	2019
INCOME		£'000	£'000
Tuition fees and education contracts	1	35,526	30,717
Funding body grants	2	75,482	77,289
Research grants and contracts	3	4,449	3,326
Other income	4	6,224	8,630
Investment income	5	233	134
Donations and endowments	6	57	60
TOTAL INCOME		121,971	120,156
EXPENDITURE			
Staff costs	7	71,388	74,747
Exceptional restructuring costs	7	2,460	835
Interest and other finance costs	8	6,114	5,436
Other operating expenses	9	31,280	28,879
Depreciation	10	12,878	12,740
Impairment of fixed assets		-	5,979
TOTAL EXPENDITURE		124,120	128,616
SURPLUS/(DEFICIT) BEFORE OTHER GAINS LOSSES		(2,149)	(8,460)
Gain/Loss of Disposal of Fixed Assets		593	323
Unrealised Surplus on revaluation of investments		(364)	273
SURPLUS/DEFICIT FOR THE YEAR		(1,920)	(7,864)
Actuarial loss in pension plan	16	(35,324)	(14,476)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(37,244)	(22,340)

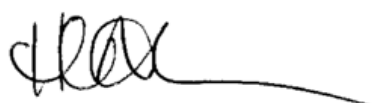
Statement of Changes in Reserves for the year ended 31 July 2020

	INCOME & EXPENDITURE UNRESTRICTED £'000	REVALUATION RESERVE £'000	TOTAL RESERVES £'000
Balance as at 31 July 2018	48,741	38,668	87,409
Surplus/Deficit for the year	(8,137)	273	(7,864)
Other Comprehensive Income	(14,476)	-	(14,476)
Exchange gain adjustment	103	-	103
Reversal of Revaluation Gain	-	(3,318)	(3,318)
Excess of Depreciation on revaluation	1,431	(1,431)	-
BALANCE AS AT 31 JULY 2019	27,662	34,192	61,854
Surplus/deficit for the year	(1,556)	(364)	(1,920)
Other Comprehensive Income	(35,324)	-	(35,324)
Revaluation Reserve Movement	-	-	-
Excess of Depreciation on revaluation	1,172	(1,172)	-
BALANCE AS AT 31 JULY 2020	(8,046)	32,656	24,610

Statement of Financial Position as at 31 July 2020

	NOTE	2020	2019
NON CURRENT ASSETS		£'000	£'000
Tangible assets	10	224,819	234,118
Investments	11	7,586	7,423
		232,405	241,541
CURRENT ASSETS			
Stock		79	69
Trade and other receivables	12	9,996	6,381
Cash and cash equivalents	13	28,626	16,179
		38,701	22,629
Creditors: amounts falling due within one year	14	(30,051)	(24,138)
Net Current Assets		8,650	(1,509)
TOTAL ASSETS LESS CURRENT LIABILITIES		241,055	240,032
Creditors: amounts falling due after more than one year	15	(135,988)	(136,566)
PROVISIONS			
Pension provision	16	(80,114)	(41,129)
Other provisions	17	(343)	(483)
		(80,457)	(41,612)
TOTAL NET ASSETS		24,610	61,854
RESERVES			
Income and expenditure reserve	18	(8,046)	27,662
Revaluation Reserve	18	32,656	34,192
TOTAL RESERVES		24,610	61,854

The Financial Statements on pages 40 to 63 were approved by Court on 25 November 2020 and were signed on its behalf by:



Kate Allum
Chair of Court



Professor Craig Mahoney
Principal & Vice Chancellor

Statement of Cash Flows for the year ended 31 July 2020

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES	£'000	£'000
Deficit for the year	(1,920)	(7,864)
ADJUSTMENT FOR NON-CASH ITEMS		
Staff service cost adjustment for SPF	3,122	5,807
Unrealised surplus on revaluation of investments	-	(273)
Depreciation	12,878	12,740
Impairment of fixed assets	-	5,979
Release of deferred capital grants	(4,729)	(8,961)
(Increase)/decrease in stocks	(10)	3
(Increase) in debtors	(3,615)	(305)
Increase in creditors	6,196	1,416
Pension provisions	(367)	377
Decrease in other provisions	(140)	(150)
ADJUSTMENT FOR INVESTING OR FINANCING ACTIVITIES		
Investment income	(233)	(134)
Interest payable	6,114	5,436
Gain on disposal of fixed assets	(593)	(323)
NET CASH INFLOW FROM OPERATING ACTIVITIES	16,703	13,748
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of fixed assets	793	948
Investment income	233	134
Payments made to acquire fixed assets	(3,343)	(12,168)
Movement in non-current asset investments	(163)	(840)
TOTAL CASH OUTFLOW FROM INVESTING ACTIVITIES	(2,480)	(11,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,357)	(1,439)
Interest element of finance lease	(3,850)	(3,545)
New long term loan	5,000	5,000
Repayment of long term loans	(919)	(885)
Capital grants received	1,366	1,265
Capital element of finance lease	(2,016)	(2,302)
TOTAL CASH (OUTFLOWS)/INFLOWS FROM FINANCING ACTIVITIES	(1,776)	(1,906)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR	12,447	(84)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,179	16,263
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	28,626	16,179

Notes to the Financial Statements

1. TUITION FEES AND EDUCATION CONTRACTS	2020	2019
	£'000	£'000
Tuition Fees - Scotland and EU	19,364	18,685
Tuition Fees - RUK	2,432	1,772
Tuition Fees - Non- EU	9,660	8,096
Transnational Education	1,081	846
Short Course Fees	1,687	419
Total Fees paid by or on behalf of individual students	34,224	29,818
Nursing Education contract	1,302	899
	35,526	30,717

2. RECURRENT GRANT FROM SCOTTISH FUNDING COUNCIL	2020	2019
	£'000	£'000
Teaching	65,246	64,495
Research	2,914	3,012
STRATEGIC FUNDS	2,372	821
SUB TOTAL SFC GRANT INCOME RECEIVED IN YEAR	70,532	68,328
DEFERRED CAPITAL GRANT RELEASED IN YEAR		
Buildings	2,873	6,873
Equipment	2,077	2,088
	75,482	77,289

NB: The above deferred capital grant releases for 2019 and 2020 include adjustments relating to exercises undertaken to align the carrying book value of assets with the remaining deferred capital grant allocated against those assets. The release in 2019 also includes amounts associated with impaired assets. The corresponding releases are reflected in the respective statements of comprehensive income.

Notes to the Financial Statements

	£'000	£'000
Research Council	346	562
European Commission	1,186	1,084
UK Charities	236	354
Other grants & contracts	2,681	1,326
	4,449	3,326

	£'000	£'000
Residences, catering and conferences	4,217	5,166
Other services rendered	257	438
Other income	1,750	3,026
	6,224	8,630

5. INVESTMENT INCOME	2020	2019
	£'000	£'000
Interest receivable	128	88
Dividends receivable	105	46
	233	134

6. DONATIONS	2020	2019
	£'000	£'000
Unrestricted donations	57	60
	57	60

7. STAFF COSTS	2020	2019
	£'000	£'000
Wages and salaries	53,040	54,292
Social security costs	5,362	5,489
Pension costs (note 16)	12,986	14,966
	71,388	74,747
Exceptional restructuring cost *	2,460	835

* The exceptional restructuring cost relates to a Voluntary Severance and Voluntary Retirement Scheme. The scheme was approved by the University's Remuneration Committee and Court.

Notes to the Financial Statements

7. STAFF COSTS CONT.

2020

2019

AVERAGE STAFF NUMBERS BY MAJOR CATEGORY

Average number of Staff

Academic & Research	573	566
Administrative	445	511
Other Including Clerical and Manual	108	117
Technical	55	55
	1,181	1,249

STAFF COSTS BY MAJOR CATEGORY

£'000

£'000

Academic & Research	41,604	44,497
Administrative	24,427	23,979
Other Including Clerical and Manual	3,065	3,525
Technical	2,292	2,746
	71,388	74,747

EMOLUMENTS OF THE PRINCIPAL & VICE CHANCELLOR

£'000

£'000

Salary	236	231
Emoluments in lieu of pension contributions	39	32
Employers' pension contributions	5	5
	280	268

The Principal and Vice-Chancellor is a member of one of the pension schemes supported by UWS and employer contributions are standard. The payment in lieu of pension contributions is in line with the agreed UWS policy for any staff who are eligible.

The ratio of the remuneration of the Principal to the median salary of a University staff member is 5.7 (2019 5.7).

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling activities of the University: this comprises the members of the Vice Chancellor's Executive.

Notes to the Financial Statements

7. STAFF COSTS CONT.

2020

2019

KEY MANAGEMENT PERSONNEL (EXCLUDING PRINCIPAL AND VICE-CHANCELLOR)

The total compensation for key management personnel (excluding the Principal & Vice Chancellor) for the year ended 31 July 2020 was as follows:

	£'000	£'000
Salary	830	853
Compensation for loss of office (KMP only)*	-	88
Employers' NI contributions	113	109
Employers' pension contributions	165	157
	1,108	1,207

*The total compensation for loss of office paid to key management personnel and higher paid staff during the year was £nil (2019: £111k).

The number of key management personnel and higher paid staff who received compensation for loss of office during the year was nil (2019: 3).

REMUNERATIONS OF HIGHER PAID STAFF (EXCLUDING EMPLOYERS' NI AND PENSION CONTRIBUTIONS)

	MEMBERS OF KEY PERSONNEL	OTHER STAFF	TOTAL 2020	MEMBERS OF KEY PERSONNEL	OTHER STAFF	TOTAL 2019
£100,000 - £109,999	2	1	3	1	-	1
£110,000 - £119,999	-	3	3	1	3	4
£120,000 - £129,999	-	-	-	2	-	2
£130,000 - £139,999	-	-	-	-	-	-
£160,000 - £169,999	1	-	1	1	-	1

COURT MEMBERS-RELATED PARTY TRANSACTIONS

The University Court members are the trustees for the charitable law purposes. Due to the nature of the University's operations and the membership of Court being drawn from local public and private sector organisations, it is inevitable that the transactions will take place with organisations in which a member of Court may have an interest. All transactions involving organisations in which

a member of Court may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures. The register of interests for Court members is made available to the public via our website. The total expenses paid to or on behalf of the Court members was £2,449 (2019: £2,764). A review of the Register of Interests of Court Members was undertaken and no material interests were identified.

Notes to the Financial Statements

8. INTEREST AND OTHER FINANCE COSTS	2020	2019
	£'000	£'000
Loan interest	1,357	1,439
Finance lease interest	3,850	3,545
Net charge on pension scheme	907	452
	6,114	5,436

9. OTHER OPERATING EXPENDITURE BY ACTIVITY	2020	2019
	£'000	£'000
Academic Departments	7,226	7,832
Academic Services	5,652	3,615
Research Grants and Contracts	1,148	1,210
Residences, Catering and Conferences	1,412	1,658
Premises	3,905	4,753
Administration	11,720	9,515
Other services rendered	217	296
	31,280	28,879

OTHER OPERATING EXPENSES INCLUDE

Auditor's Remuneration: External Audit – Audit Services inc VAT	67	41
Auditor's Remuneration: External Audit – Tax Services inc VAT	13	1
Operating lease costs	372	331

Notes to the Financial Statements

10. FIXED ASSETS

	FREEHOLD LAND	LEASEHOLD BUILDINGS	FREEHOLD BUILDINGS	FIXTURES, FITTING & EQUIPMENT	ASSETS IN COURSE OF CONSTRUCTION	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 August 2019	7,461	63,600	177,114	81,285	6,250	335,710
Additions	-	-	438	1,916	1,425	3,779
Impairment	-	-	(1,681)	-	-	(1,681)
Disposals	(70)	-	(4,202)	(132)	(94)	(4,498)
Transfers	-	-	3,521	2,514	(6,035)	-
AT 31 JULY 2020	7,391	63,600	175,190	85,583	1,546	333,310
DEPRECIATION						
At 1 August 2019	-	2,061	33,532	65,999	-	101,592
Charge for year	-	1,767	5,598	5,513	-	12,878
Disposals	-	-	(4,202)	(96)	-	(4,298)
Impairment	-	-	(1,681)	-	-	(1,681)
AT 31 JULY 2020	-	3,828	33,247	71,416	-	108,491
NET BOOK VALUE						
AS AT 31 JULY 2020	7,391	59,772	141,943	14,167	1,546	224,819
Assets held under finance leases included in the total above	-	59,772	-	4,113	-	63,885
NET BOOK VALUE						
AS AT 31 JULY 2019	7,461	61,539	143,582	15,286	6,250	234,118
Assets held under finance leases included in the total above	-	61,539	-	6,813	-	68,352

Notes to the Financial Statements

11. INVESTMENTS	LISTED	UNLISTED	2020	2019
	£'000	£'000	£'000	£'000
Balance at 1 August	6,895	528	7,423	6,285
Additions to Investments	779	297	1,076	2,270
Disposal of Investments	(534)	-	(534)	(941)
Realised gains on disposal	36	-	36	107
Unrealised (loss) on revaluation	(591)	-	(591)	(618)
Net Cash Movement	176	-	176	320
Balance at 31 July	6,761	825	7,586	7,423

12. TRADE AND OTHER RECEIVABLES	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade Debtors	5,869	2,371
Other Debtors	100	55
Prepayments and accrued income	4,027	3,955
	9,996	6,381

Financial instrument assets comprise: Trade debtors, other debtors and accrued income totalling £7.316m (2019: £2.703m).

13. CASH AND CASH EQUIVALENTS	2020	2019
	£'000	£'000
Bank Deposits	28,626	16,179
	28,626	16,179

Notes to the Financial Statements

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2020	2019
		£'000	£'000
Unsecured loan		971	919
Obligations under finance leases		1,758	1,938
Trade payables		1,007	2,710
Other creditors and deposits		1,841	1,521
Social security and other taxation payable		1,600	1,690
Accruals and deferred income		20,350	12,681
Deferred capital grants		2,524	2,679
		30,051	24,138

All current finance leases reflect investment relating to IT equipment and the new campus in Lanarkshire.

15. CREDITORS: AMOUNTS DUE AFTER ONE YEAR				
	OBLIGATION UNDER FINANCE LEASE £'000	LOAN REPAYMENT £'000	DEFERRED CAPITAL GRANT £'000	TOTAL 2020 £'000
Due between one and two years	1,148	1,014	2,068	4,230
Due between two and five years	1,473	17,513	5,082	24,068
Due after five years	63,667	15,399	28,624	107,690
	66,288	33,926	35,774	135,988

	OBLIGATION UNDER FINANCE LEASE £'000	LOAN REPAYMENT £'000	DEFERRED CAPITAL GRANT £'000	TOTAL 2019 £'000
Due between one and two years	1,707	971	2,661	5,339
Due between two and five years	2,274	12,772	5,486	20,532
Due after five years	63,707	16,154	30,834	110,695
	67,688	29,897	38,981	136,566

Notes to the Financial Statements

The University has a loan facility of up to £41.5million, £39.5million of which has been drawn down. Interest is charged at rates of:

- £10.0m 5.04 % Fixed for 20 years
- £10.0m 5.52 % Fixed for 20 years
- £ 4.5m 3.94 % Fixed for 10 years
- £5.0m 2.47 % variable for 3 to 5 years
- £5.0m 2.47% variable for 3 to 5 years
- £5.0m 2.38% variable for 3 to 5 years

The total loan interest charged in the year was £1.357m (2019: £1.258m).

Financial instrument liabilities comprise: unsecured loans, obligations under finance leases, trade payables, other creditors and deposits and accruals totalling £115.726m (2019: £109.476m).

16. PENSION PROVISIONS

	SPF LIABILITY £'000	ENHANCED PENSIONS £'000	USS DEFICIT £'000	TOTAL £'000
As at 1 August 2019	33,994	6,542	593	41,129
Utilised in year	(4,357)	(477)	(11)	(4,845)
Additions in year	43,568	534	(272)	43,830
AS AT 31 JULY 2020	73,205	6,599	310	80,114

ENHANCED PENSIONS

This is a provision by the University for University pensioners. The scheme will be required to cover the liability of existing membership only as no new members will be added.

USS DEFICIT

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the Contractual obligation with the pension scheme for total payments relating to benefits arising from past performance.

The University participates in three multi-employer defined benefits schemes:

- Scottish Teachers Superannuation Scheme (STSS)
- Universities Superannuation Scheme (USS)
- Strathclyde Pension Fund (SPF)

The total pension cost to the University under these schemes was:

	2020 £'000	2019 £'000
STSS contributions paid	5,655	4,374
USS contributions paid	(148)	600
SPF current and past service cost	7,479	9,992
	12,986	14,966

Notes to the Financial Statements

SCOTTISH TEACHERS SUPERANNUATION SCHEME

The Scottish Teachers Superannuation Scheme (STSS) provides benefits based on final Pensionable salary for Scottish Teachers. The fund is administered by the Scottish Public Pensions Agency. The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The employers' contribution rate was 17.2% in year ended 31 July 2020 and the employee contribution rate ranged between 7.2% and 11.9% based on salary. The latest valuation of the STSS has recently concluded and was based on scheme data as at March 2016. The valuation has set the rate payable for the scheme for the period 1 September 2019 to 31 March 2023 and that rate is 23%.

The University has no liability for other employers' obligations to the multi-employer scheme. As the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme.

THE UNIVERSITIES SUPERANNUATION SCHEME

There are also 10 academic staff in the Universities Superannuation Scheme (USS), which is a defined benefit scheme, contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University's employees. During the year the University contributed 19.5% up to 30 September 2019. This rate increased from 1 October 2019 to 21.1%. Employee contributions were 9.6%. There are no planned changes to these rates until at least September 2021.

STRATHCLYDE PENSION FUND

The Strathclyde Pension Fund provides benefits on final pensionable salary for employees of local government and some other institutions.



Notes to the Financial Statements

STRATHCLYDE PENSION FUND (CONT)

This scheme, a multi employer defined benefit scheme, covers both past and present employees. A FRS102 valuation of the University's benefit obligations has been estimated by a qualified actuary as at 31 July 2020.

The employer contribution rate for the period 1 August 2019 to 31 July 2020 was 19.3% of pay. The employee contribution is dependent upon their actual pay and contribution rates range between 5.5% and 11.2% of pay. There were no outstanding pension contributions at the year end.

CATEGORY OF PLAN ASSETS AS A PERCENTAGE OF TOTAL PLAN ASSETS

FRS 102 liability numbers have been produced for the Strathclyde Pension Fund using the following assumptions:

	2020	2019
Equities	63%	65%
Bonds	25%	24%
Property	11%	10%
Cash	1%	1%

INVESTMENT RETURNS

	2020	2019
Actual Returns from 1 July 2019 to 30 June 2020	1.5%	6.4%
Total Returns from 1 August 2019 to 31 July 2020	(2.4%)	7.6%

FINANCIAL ASSUMPTIONS

	2020	2019
Discount rate	1.4%	2.1%
Pensionable salary growth	3.3%	3.6%
Pension increase rate	2.2%	2.4%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of 1.5% p.a. for males and 1.25% p.a. for females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	MALES	FEMALES
Current Pensioners	20.7 years	22.9 years
Future Pensioners	22.2 years	24.6 years

Notes to the Financial Statements

16. PENSION PROVISIONS CONT.	2020	2019
The following amounts at 31 July 2020 were measured in accordance with the requirements of FRS 102:		
	£'000	£'000
OPENING ASSETS AND LIABILITIES		
Fair value of plan assets	210,395	194,494
Present value of funded liabilities	(240,402)	(203,652)
Present value of unfunded liabilities	(3,987)	(4,102)
NET LIABILITY AT START OF YEAR	(33,994)	(13,260)
Current service cost	(8,942)	(7,652)
Past service cost	1,463	(2,340)
TOTAL SERVICE COST	(7,479)	(9,992)
Interest income on plan assets	4,427	5,456
Interest on defined benefit obligation	(5,192)	(5,908)
TOTAL NET INTEREST	(765)	(452)
TOTAL DEFINED BENEFIT COST RECOGNISED IN PROFIT/(LOSS)	(8,244)	(10,444)
Cashflow from employer contributions	4,098	3,926
Contributions in respect of unfunded benefits	259	260
Expected closing position	(37,881)	(19,518)
Changes in financial and demographic assumptions	(26,963)	(23,890)
Other experience	1,083	(32)
Return on assets excluding amounts included in net interest	(9,444)	9,446
TOTAL RE-MEASUREMENTS RECOGNISED IN OTHER COMPREHENSIVE INCOME	(35,324)	(14,476)
NET LIABILITY AT END OF YEAR	(73,205)	(33,994)
COMPRISING:		
Fair value of plan assets	206,217	210,395
Present value of funded liabilities	(275,482)	(240,402)
Present value of unfunded liabilities	(3,940)	(3,987)
NET LIABILITY AT END OF YEAR	(73,205)	(33,994)

Notes to the Financial Statements

17. PROVISIONS FOR LIABILITIES

	DILAPIDATION £'000	TOTAL £'000
As at 1 August 2019	483	483
Utilised in year	(483)	(483)
Addition during 2019/20	343	343
AS AT 31 JULY 2020	343	343

DILAPIDATION

This is a provision for lease dilapidation costs associated with building used on the Dumfries & Galloway Campus.

18. RESERVES

INCOME AND EXPENDITURE UNRESTRICTED RESERVE

This reserve includes all current and prior year retained surpluses or deficits.

REVALUATION RESERVE

The revaluation reserve consists of unrealised gains in respect of investments and the revaluation of properties at the point of transition to FRS 102 on 1 August 2014. These property valuations were used as deemed cost using the transitional exemption made available. At 31 July 2020 the revaluation reserve in respect of properties was £31,929k (2019: £33,101k) and in respect of investments was £727k (2019: £1,091k).

19. CAPITAL COMMITMENTS

	2020	2019
A provision has not been made for the following capital commitments as at 31 July:	£'000	£'000
Commitments contracted for	445	-
Authorised but not contracted for	244	-
	689	-

Notes to the Financial Statements

20. OPERATING LEASE COMMITMENTS

2020

2019

At 31 July 2020 the total future minimum payments on operating leases were as follows:

£'000

£'000

Due within 1 year	371	98
Due between 1 and 2 years	277	98
Due between 2 and 5 years	142	40
	790	236

21. CHILDCARE, DISCRETIONARY AND NURSING AND MIDWIFERY FUNDS

	2020			2019		
	£'000	£'000	£'000	£'000	£'000	£'000
	CF	DF	NMF	CF	DF	NMF
Funds Brought Forward from previous year	-	-	-	-	-	-
Refunded to SAAS	-	-	(1)	(48)	-	(2)
Funds Received in Year	915	954	139	870	857	131
Expenditure	(694)	(1,121)	(138)	(696)	(983)	(129)
Virements	(221)	221	-	(126)	126	-
Funds Carried Forward	-	54	-	-	-	-

The Childcare (CF) and Discretionary Funds (DF) are available solely for students and are provided by the Students Award Agency Scotland. The Nursing and Midwifery Fund (NMF) is provided by the Scottish Government specifically for the

support of nursing and midwifery students. The University acts only as paying agents. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

Statement of Principal Accounting Policies

1. Basis of Preparation

The principal accounting policies of the University are as set out below. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

These financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Accounts Direction issued by the Scottish Funding Council and the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2015).

The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The presentation currency is pounds sterling and the financial statements are rounded to the nearest £000. The University is a registered charity in Scotland, and its registered number is SCO02520.

2. Basis of consolidation

The financial statements do not include the income and expenditure of the Students' Association as the University does not exert control or dominant influence over policy decisions.

3. Going Concern Policy

The University's activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. The Strategic Report also

describes the financial position of the Institution, its cash flows, liquidity position and borrowing facilities.

The financial statements have been prepared on a going concern basis which the University Court considers to be appropriate for the following reasons.

The University Audit and Risk Committee has reviewed cash flow forecasts for a period of 13 months from the date of approval of these financial statements. The University Court has discussed and endorsed the Committee's conclusion that, taking account of severe but plausible downsides, including the anticipated impact of Covid-19, the University will have sufficient funds to meet its liabilities as they fall due over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

A going concern Covid-impacted scenario was forecasted using the assumptions built into the budget as approved by the University Court in May 2020. The key assumptions in the severe but plausible downside scenario were:

- no residency, catering or conference income for a period of 5.5 months due to Covid-19
- no tuition fee income from international students for the first trimester due to reduced mobility caused by the pandemic.

A further scenario with no EU student uptake was also considered to model a worst-case Brexit scenario.

Both scenarios illustrated that the University will have sufficient funds to meet its liabilities as they fall due over the going concern assessment period.

A further stress test on income was undertaken, to establish the level of income that would need to be lost to impact the University's status as a going concern.

This stress test forecast that a loss of £9.5m of income would result in a breach of loan covenants. The University Court does not consider this to be a plausible scenario.

There are no material post balance sheet changes to liquidity, specifically the arrangement of new lending facilities, the extension of existing facilities or the renegotiation or waiving of bank covenants. If required, the University Court could implement a voluntary severance scheme or postpone planned capital projects but there is no present intention to do so.

The University has a loan facility of up to £41.5 million, £39.5 million of which has been drawn down. Loan covenants currently in place are as follows:

- Net assets excluding the pension provision shall be not less than £80 million.
- The ratio of operating cash surplus to debt service costs for each relevant period shall not be less than 1.25:1 for the relevant period.
- The ratio of operating cash surplus to net interest payable for each relevant period shall not be less than 2.0:1.

We do not anticipate any breaches of these covenants over the going concern assessment period. Consequently, the University Court is confident that the University will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

4. Income recognition

Income from the sale of goods or services is credited to the Statement of Comprehensive Income when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Statement of Comprehensive Income over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount.

Investment income is credited to the Statement of Comprehensive Income on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

GRANT FUNDING

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non-government sources, are recognised within the Statement of Comprehensive Income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is deferred on the Statement of Financial Position and released to the Statement of Comprehensive Income in line with such conditions being met.

CAPITAL GRANTS

Government Capital grants are recognised in income over the useful life of the asset. Other non-government capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

DONATIONS

Non exchange transactions without performance related conditions are donations. Donations with donor imposed restrictions are recognised within the Statement of Comprehensive Income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recorded within the Statement of Comprehensive Income when the University is entitled to the income.

Investment income is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual fund.

Donations and endowments with restrictions are classified as restricted reserves with additional disclosure provided within the notes to the accounts.

5. Accounting for retirement benefits

The Scottish Teachers Superannuation Scheme (STSS), the Strathclyde Pension Fund (SPF) and the Universities Superannuation Scheme (USS) provide retirement benefits for the employees of the University.

For accounting treatment purposes, STSS and USS are still treated as defined contribution schemes. For the SPF, the actuary provides a valuation of the institution's share of the underlying assets and liabilities which has been reflected in these financial statements in accordance with FRS 102.

DEFINED CONTRIBUTION PLAN

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions in defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

DEFINED BENEFIT PLAN

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ

from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets.

The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The contributions paid by the employer are set by the Fund Actuary at each triennial actuarial valuation, the most recent being as at 31 March 2017.

6. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement. Termination benefits are recognised as an expense in the year an employee's contract of employment is terminated.

7. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums are spread over the minimum lease term.

9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

10. Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Comprehensive Income in the period in which they are incurred.

11. Fixed assets

Fixed assets are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses.

Costs incurred in relation to land and buildings after initial purchase or construction are capitalised to the extent that they increase the expected future benefits to the University.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives.

Leasehold buildings are depreciated over the length of the lease.

Depreciation is not charged on assets in the course of construction.

EQUIPMENT

Equipment, including computers and software, costing less than £5,000 per individual item is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its expected useful life.

DEPRECIATION

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Statement of Financial Position.

Asset Type	Expected Useful Life
Academic Property (dependent upon FRS 102 revaluation)	15-60
Residences	50
Leasehold improvements	10
Equipment Short life	4
Medium life	10
Long life	20
Fixtures	10
Computer Short life	4
Long life	8
Cars	4
Vans and buses	8
Other	15

12. Heritage assets

Works of art and other valuable artefacts valued at over £5,000 have been capitalised and recognised at their fair value where reasonably obtainable. Assets received as donations are initially recognised at fair value. Heritage Assets are not depreciated as their long economic life and high residual value means that any depreciation would not be material.

13. Investments

Non-current asset investments are held at market value with movements recognised in the Statement of Comprehensive Income.

14. Stock

Stock is held at the lower of cost and net realisable value.

15. Debtors

Short term debtors are measured at transaction price, less any impairment.

16. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

17. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

18. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

(a) the University has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent assets and liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes.

19. Taxation

UWS is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of Scottish Charity Regulator. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

20. Financial instruments

Financial instruments are recognised in the Statement of Financial Position when the University becomes party to the contractual provisions of the instrument. All of the University's financial instruments are classified as 'basic' in accordance with Chapter 11 of FRS 102. All of the University's financial instruments are initially measured at transaction price. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the University has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

21. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, the Court is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Court are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

- Value/Impairment of building: appropriate independent and professional advice has been sought on the assessment of impairment to the carrying value of assets. In conducting this review, reference has been made to relevant market transactional data in determining the revised valuation.
- Useful life of buildings: The remaining useful lives of buildings are considered as part of the independent professional valuation process.
- Pension obligations: Independent professional valuation carried out annually to estimate the Universities liabilities in relation to the Strathclyde Pension Fund and any liabilities relating to Enhanced Pension Provisions. Underlying assumptions used in these valuations are reviewed to ensure they are reasonable. The University has proposed that RPI inflation continues to be set in line with market break even expectations with no adjustment for an inflation risk premium, consistent with the prior year. For CPI, the Fund Actuary has proposed a long-term gap between RPI and CPI of 90 basis points, compared to 100 basis points at the prior year end. Based on the sensitivity information provided by the actuary, we expect the impact of this change in approach to be a c.£6m increase in the DBO as the CPI assumption is now 0.1% higher than it would have been under the previous methodology.
- Accruals, prepayments, accrued income and deferred income: based on the proportion of invoices, contracts and funding receipts for each income and expenditure stream that relate to the year end.

Professional Advisors:

INDEPENDENT AUDITOR

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

BANKERS:

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5ER

Santander UK plc
301 St Vincent Street
Glasgow
G2 5NB

FUND MANAGERS:

Barclays Bank
Donegall House
7 Donegall Square
North
Belfast
BT1 5GB

Castlebay Investment
Partners LLP
204 West George
Street
Glasgow
G2 2PQ

SOLICITORS:

Anderson Strathern
24 Blythswood Square
Glasgow
G2 4BG



UNIVERSITY OF THE
WEST of SCOTLAND
UWS

Our Campuses

AYR CAMPUS

University Avenue
Ayr
KA8 0SX
Scotland, UK
+44 (0)1292 886 000

DUMFRIES CAMPUS

Dudgeon House
Dumfries
DG1 4ZN
Scotland, UK
+44 (0)1387 345 800

LANARKSHIRE CAMPUS

Stephenson Place
Hamilton International
Technology Park
South Lanarkshire
G72 0LH
Scotland, UK
+44 (0)1698 283 100

PAISLEY CAMPUS

Paisley
PA1 2BE
Scotland, UK
+44 (0)141 848 3000

LONDON CAMPUS

Floor 7, Import Building
2 Clove Crescent
Poplar, London
EH14 2BE
+44 (0)141 848 3030

At UWS, we believe in our students' future.

We have a proud record in delivering world-ready graduates and developing effective partnerships with business, industry and the public and voluntary sectors.

With our cutting-edge courses, practical knowledge, and intelligent teaching, we help our students get ahead.

Through our innovative learning partnership we invest in people's potential to shape their future. Built on uniting students, professionals, industry and our communities, this partnership stretches from the West of Scotland around the world.

We believe in the transformative power of active learning and engagement. We treat our students as individuals, partners and potential leaders in their fields and professions, providing them with the globally relevant knowledge, skills and confidence to think critically and to challenge received wisdom.

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